

CIGARETTE AND TOBACCO TAXES

Prior Law

Iowa Code section 453A.1(4) and (14) define “cigarette vending machine” and “individual packages of cigarettes” respectively. “Cigarette vending machine” means any “self-service device offered for public use which, upon insertion of a coin, coins, paper currency, or by other means dispenses cigarettes or tobacco products without the necessity of replenishing the device between each vending operation.” “Individual packages of cigarettes” is defined as “every package of cigarettes ordinarily sold at retail.”

Iowa Code section 453A.6(7) requires that cigarettes be sold only in packages of twenty or more cigarettes.

New Provisions

2012 Iowa Acts Senate File 2328 expands the definition of “cigarette vending machine” found in section 453A.1(4) to include machines into which loose tobacco is inserted and from which cigarettes are assembled and dispensed, and that must be replenished between each vending operation. In effect, these changes add roll-your-own cigarette vending machines to the existing definition of “cigarette vending machine.”

Subsection 453A.1(14) is amended to include not only packages of cigarettes, but also quantities of cigarettes assembled. In effect, this change adds quantities of cigarettes assembled and dispensed by a roll-your-own tobacco machine to definition of “individual packages of cigarettes.” In addition, subsection 453A.6(7) is amended to require that cigarettes that are dispensed be dispensed in quantities of twenty or more—the same quantity as individual packages of cigarettes.

Finally, new subsection 453A.6(8) is added to require retail cigarette and tobacco permit holders who own, rent, lease, or otherwise operate a machine into which loose tobacco products are inserted and from which cigarettes are dispensed (i.e. roll-your-own cigarette vending machines) to do the following:

- Pay a tax of \$.0306 on each cigarette dispensed.
- Only insert loose tobacco products that are currently listed on the Iowa Directory of Certified Tobacco Products and Manufacturers into the machine. The list is available at: <http://www.iowa.gov/tax/business/CigTobIndex.html>.
- Dispense cigarettes that comply with the fire safety standards of chapter 101B no later than January 1, 2014.
- Maintain meters on such machines that count the number of cigarettes dispensed. The meters must not be accessed for any purpose other than

taking meter readings. The meters must not be reset or otherwise altered by the permit holder.

Sections Amended

Section 26 of 2012 Iowa Acts Senate File 2328 amends section 453A.1, subsections 4 and 14, Code 2011. Section 27 of Senate File 2328 amends section 453A.6, subsection 7 and adds subsection 8, Code 2011.

Effective Date

July 1, 2012